

CITY COUNCIL

Housing, Economic Development and Strategies Committee

**Monday, June 4, 2012
5:30 pm
City Council Office**

The Housing, Economic Development and Strategies Committee's responsibilities includes Housing Planning strategies, Building Code/Inspection, Economic Development, Citywide Economic Development Programs, Small Businesses, Business Improvement Districts and Enterprise Zones.

Committee Members: Randy Corcoran (Chair), Marcia Goodman Hinnershitz (Vice-Chair) and Jeffrey Waltman

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.

All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 27-2012

- I. Housing Ordinance Update (CE01 & CD01) - R. Natale & D. Kersley**
- II. Review QoL Report – *deferred from May 21st Work Session***
- III. Review Property Maintenance Monthly Report**
- IV. Update on Zoning Backlog re start of hearings**
- V. Update Certificate of Transfer**

Review Program to begin July 1

VI. Outcomes of MDJ Rulings on Codes Cases

Guilty, Not Guilty, Dismissed

VII. Update on Microloan Program Loans (delinquent & current)

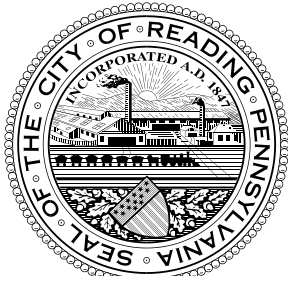
- Section 108 Loans funded through HUD
- Micro Loan Family Loan Program through Fulton Bank
- Micro Loan Enterprise Loan, which has funding that was not authorized by Council – corrective legislation required

VIII. Yard Waste Collection

Discussion re alternative to current program consider collection program used in Cumru and Laureldale

Follow Up Items

- February 2012 – Plumbing Code Amendment
- February 2012 - Update on Zoning Backlog
- Report on disposition of Codes Cases at MDJ Hearings
- Request receipt of monthly Codes Report
- Review RFPs for Delinquent BPL and other fee/tax collection
- Update on Certificate of Transfer ordinance amendment and pilot program
- Resolutions for KOZ (expansion and extension)
- Resolution to fund Micro Loan Enterprise Program
- Response to questions posed by REIA – Meeting scheduled for 6-5-12 w. R. Corcoran



CITY COUNCIL

Housing, Economic Development & Strategies Committee

Meeting Report Monday, May 7, 2012

Committee Members Attending: R. Corcoran, Chair, J. Waltman, F. Acosta, S. Marmarou, M. Goodman-Hinnershitz, D. Sterner, D. Reed

Others Attending: L. Kelleher, R. Natale, C. Younger, S. Katzenmoyer, V. Spencer, L. Agudo, D. Wright, A. Mukerji, A. Boscov

Mr. Corcoran, Chair, called the meeting to order at approximately 5:50 pm.

Housing Ordinance Update

Mr. Natale stated that Property Maintenance began enforcing this ordinance on February 1. He explained that Hansen now auto schedules inspections and that inspectors are using ipads during their inspections. He stated that property owners with unauthorized units will begin being fined.

Mr. Corcoran stated that the owners of investment properties (all of whom are members of the Real Estate Investors Association) have met with him and made some suggestions. He suggested that these suggestions become the topic of a separate meeting.

Mr. Corcoran questioned if inspectors are assigned to specific areas of the City so that they can get to know the neighborhood and the property owners. Mr. Natale stated that they are not as the inspections are auto scheduled through the computer system. He stated that inspectors who respond to complaints are within assigned districts and do get to know their neighborhoods and the property owners.

Mr. Corcoran suggested that the City work toward building a better working

relationship with REIA.

Ms. Goodman-Hinnershitz stated that she received a survey from REIA requesting written responses. She suggested that the survey be forwarded to Law.

Mr. Corcoran suggested a round table meeting in the future. Mr. Natale stated that he attended a REIA business meeting with 90+ members in attendance to make a presentation on the new housing ordinance. He noted his willingness to make this presentation again in the future.

Mr. Acosta stated that he has attended REIA meetings in the past. He noted the need for the City to work with REIA members and suggested that REIA submit their top three concerns so that they can be addressed by the City.

Mr. Spencer stated that he has also attended REIA meetings and that many times members have inaccurate information. He noted that there are many misconceptions and that City representatives should attend meetings to address these misconceptions.

Mr. Corcoran stated that investors are losing money on their investments.

Mr. Waltman stated that the City has been working toward sound policies and work flow. He stated that with the integration of technology the City should be able to work better with landlords. He stated that seven years ago when this process began the City didn't know which properties were rentals or who the property owners were. He stated that much progress has been made.

Mr. Acosta stated that REIA perceives good landlords and bad landlords are being treated the same. He stated that he assured REIA members that the City is addressing its absentee landlords and the illegal conversions.

Mr. Natale commended those who wrote this ordinance. He stated that Property Maintenance is familiar with owners who are REIA members and that their properties are well maintained and in compliance with City regulations. He stated that the City continues to locate others who are not in compliance.

Mr. Spencer stated that the REIA main complaint at this time is Quality of Life tickets. Mr. Corcoran stated that the items they discussed with him are in regards to the inspection process.

Mr. Acosta agreed with Mr. Spencer. He stated that REIA members feel they are being bombarded with tickets and are being targeted. Mr. Natale stated that inspectors do not have owner information when they issue the tickets.

Mr. Sterner agreed that those who have come forward and are following the City's regulations are easier to find. He stated that their perception needs to be addressed and we must prove that we are addressing all rental properties.

Mr. Marmarou questioned how REIA would know that the City is not pursuing others. Mr. Sterner stated that they would not know. Mr. Natale explained that the auto schedule will schedule all rentals within one block on the same day. He stated that this assists in finding unregistered rentals.

Mr. Sterner noted the need for this approach to be publicized. Mr. Agudo stated that the City can do many great things. He stated that fee research is underway and that Council will receive his Quality of Life ticket report shortly. He stated that Mr. Natale will attend REIA meetings as available and he invited Councilors to attend as well. He stated that the meetings are held the first Tuesday of each month at 7 pm at the Inn at Reading. He stated that REIA also needs a better understanding of the rationale of the fees and the costs that they must cover. He noted the need for the City to have a consistent approach.

Ms. Goodman-Hinnershitz stated that the down economy means that the investors will have less profit. She stated that the fee increase on top of this has made the cost of doing business higher. She stated that the reality of investment income has changed. She noted the need for the City to have fewer units and to attract quality homeowners.

Ms. Reed stated that any fee adjustments will have budgetary impacts. She requested that Councilors keep this in mind during budget review.

Mr. Acosta noted the need for Council to be vigilant on fees. He stated that there are different groups objecting to different fee increases. He noted the need for the City to be consistent and that fees cannot simply be reduced.

Mr. Waltman noted the decrease in property values in the City. He noted the need for all parties to work together to improve the City which will increase the return for investors. He stated that this issue cannot be solved in a vacuum.

Mr. Spencer stated that many don't understand how City fees are determined and need

to be justified. He stated that many City residents are low income which affects the rents that may be charged.

Mr. Marmarou questioned if owners of properties near Albright are members of REIA. Ms. Kelleher stated that they are only members if they join this organization.

Mr. Marmarou stated that these owners never object to fee increases as they simply charge the students more to live there. He questioned how many properties were housing students in the Albright area. Ms. Kelleher stated that her last count showed approximately 150 homes.

Mr. Acosta noted his hope that the new project on Lancaster Ave would attract students and take them out of neighborhoods. Mr. Marmarou stated that he does not believe this will occur.

Mr. Sterner stated that Reading is one of the poorest cities in the nation. He stated that people move here due to cheap housing and that there are sometimes more than 20 people living in one property. He stated that the middle class needs to return to the City to increase rents and decrease poverty.

Mr. Waltman stated that the City is now setting the record with rental properties and can begin to identify the bad from the good. He noted that a major goal of this initiative was to find rental properties. He stated that REIA was informed of this goal.

Mr. Agudo stated that many good things are happening throughout the City with assistance from Our City Reading, Habitat for Humanity and Neighborhood Housing Services (NHS). He stated that many properties in Reading are no longer viable and must be addressed. He stated that upcoming projects will add 400+ new units to the City. He stated that there are very clear problems if investors leave the City and noted the need to preserve the value of assessments.

Keystone Opportunity Zone

Mr. Boscov stated that the Keystone Opportunity Zones (KOZ) brings investment and jobs to the City. He stated that this tax program has been successful and has assisted in the opening of KVP, Quaker Maid Meats, and the Sovereign Plaza. He stated that these businesses will begin paying taxes on December 31, 2013. He stated that Goggleworks and the IMAX Theater will begin paying taxes December 31, 2014. He stated that the City immigrant population also assists as businesses who locate here pay close to minimum wage. He stated that Sun Rich Foods and Hydrojet are also located within

the KOZ.

Mr. Boscov stated that the City is proposing to extend the KOZ timeline for parcels that remain undeveloped. He stated that the taxes would be deferred but that it brings additional jobs and earned income tax and removes blight. He noted the need to induce businesses to locate in Reading.

Mr. Boscov stated that the Hotel project will be completed and will be paying taxes effective December 31, 2020. He explained that there are already 80 applications for the Goggleworks Apartments and that they will open in July. He stated that work in Ricktown continues and 750 homes have been addressed. He stated that there always new properties abandoned. The Our City Reading program has decreased the transiency of residents.

Mr. Boscov stated that the goal of the KOZ is to bring new development and increase revenue. He noted the need for a big project and stated that the former Penn Optical building is being addressed.

Mr. Agudo stated that the City is suggesting both extension and expansion. He stated that this is necessary for Reading to be competitive with other cities our size through an incentive program. He stated that the extension would apply to twelve properties with an assessed value of \$2.5 million. He stated that this amounts to approximately \$75,000 in tax credits. He stated that these properties are currently vacant or underutilized. He stated that Council has been provided with draft resolutions and documentation.

Mr. Mukerji stated that of the \$2.5 million in assessed value, the Berkshire Bottling property is \$2.4 million.

Ms. Reed stated that the Berkshire Bottling property is blighted and there is no forward movement. She stated that this is now causing additional problems to the neighborhood. She noted her agreement with the rest of the program, but quested including this property in the extension of the KOZ. Mr. Agudo stated that if the extension is granted, it is his hope to attract another business to this property.

Ms. Reed stated that this property is not City owned and that other businesses cannot be pursued.

Ms. Kelleher stated that BEP (now GREP – Greater Reading Economic Partnership) has located a potential buyer for this property. The company is an industrial Laundromat;

however, they are also considering a property in Lebanon, where the KOZ was recently extended until 2020. She stated that GREP has been working with the Administration and RAWA to develop a competitive water/sewer rate.

Mr. Aguda inquired if the property could be certified as blighted. Ms. Kelleher stated that the property is not residential, it does not have a utility account, it does not have delinquent taxes; therefore it cannot be blighted.

Mr. Waltman also reminded the group of the need to consider the potential truck traffic ingress and egress onto Schuylkill Avenue from this site. He noted the great potential for development at this site.

Mr. Agudo stated that Council will need to adopt a resolution to extend and expand the properties included or added to the KOZ.

The lists of the extension and expansion were reviewed with Council. Ms. Kelleher noted concern that many of the properties to be added to the KOZ are properties that are certified as blighted. Mr. Mukerji stated that as the owner of the property would need to apply to the State to receive the exemption and have a code compliant and non tax delinquent property, this will not present a problem.

Mr. Mukerji suggested an executive session, as the KOZ falls under a real estate transaction. Mr. Younger and Mr. Corcoran agreed.

Mr. Corcoran called for an executive session under the Sunshine Act Section 708 4 to consult with its attorney, or other professional advisor regarding information or strategy in connection with litigation or with issues in which identifiable complaints are expected to be filed. The executive session started at 7:10 pm and concluded at 7:30 pm.

Certificate of Transfers

Deferred until the June meeting.

Micro Loans

Mr. Agudo stated that the external audit completed shows that while the Micro Loan program was created, City Council did not authorize funding for the program; however, \$500K was placed in this account. He described the various loan packages available under the CD Department as follows:

- Section 108 Loans funded through HUD
- Micro Loan Family Loan Program through Fulton Bank
- Micro Loan Enterprise Loan, which has funding that was not authorized by Council

Mr. Agudo distributed a handout showing the businesses who have received funding. Approximately 50% of the funds available were loaned out to businesses. A list of the businesses is included in the handout. He stated that nine (9) loans were awarded since January 2011 totaling \$266,199. Businesses are eligible to receive loans between \$1K and \$35K at 3% interest for a 3-5 year term for working capital, to expand or renovate equipment or to make electrical upgrades. He stated that to date the department has received 80 inquiries about this program but only nine (9) loans were approved. He stated that the only loan approved by this new Administration to date was the loan to the barbershop business located on North 8th Street. He noted that of the nine (9) loans, only one is delinquent. He stated that the department is working to develop a corrective plan.

Ms. Reed stated that the new barber shop school located on Route 10 has been placarded. Mr. Agudo promised to follow up.

Ms. Goodman-Hinnershitz noted the need for a good vetting process before loans are approved. She also suggested searching for businesses where potential growth rate is present.

Mr. Agudo stated that when the loans are repaid, the funds go back into the loan program so they are again available for other businesses. He suggested that Council refer potential applicants to the CD Department.

The meeting adjourned at approximately 8 pm.

Respectfully submitted by Linda Kelleher CMC, City Clerk

FOLLOW UP ISSUES

1. Report on disposition of Codes Cases at MDJ Hearings
2. Request receipt of monthly Codes Report
3. Review RFPs for Delinquent BPL and other fee/tax collection
4. Update on Certificate of Transfer ordinance amendment and pilot program
5. Resolutions for KOZ (expansion and extension)

6. Resolution to fund Micro Loan Enterprise Program
7. Response to questions posed by REIA

Sample copied in from the City's Website

DISTRICT JUSTICE DATE	CITATION #	LOCATION/ADDRESS	DEFENDANT COURT TIME
THOMAS XAVIOS 9:30A	P8671601-1		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	p8671603-3		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671604-4		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671605-5		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671706-6		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671608-1		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671610-3		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671607-0		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671609-2		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:30A	P8671602-2		PHILLIP HOOVEN 2/27/2012
THOMAS XAVIOS 9:45A	P9527026-5		DAMON GELB 2/27/2012 9:45A
THOMAS XAVIOS 9:45A	P9120910-1		KELLY M GELB 2/27/2012
THOMAS XAVIOS 10:30A	P9527056-0		EDWARD NICK FISHER 2/27/2012
THOMAS XAVIOS 10:15A	P6731372-4		TANYA EADDY 2/27/2012
THOMAS XAVIOS 10:15A	P6731371-3		TANYA EADDY 2/27/2012
THOMAS XAVIOS 10:15A	P6731370-2		TANYA EADDY 2/27/2012
THOMAS XAVIOS 10:15A	P6731769-1		TANYA EADDY 2/27/2012
THOMAS XAVIOS 10:00A	P9120876-2		FRANCIS L ORTIZ 2/27/2012 10:45A
THOMAS XAVIOS 10:00A	BCC		FRANCIS L ORTIZ 2/27/2012 10:45A
THOMAS XAVIOS 10:00A	P9527196-0		ZACK HOMES 2/27/2012
THOMAS XAVIOS 10:30A	P8671559-1		FRANCIS L ORTIZ 2/27/2012 10:45A
THOMAS XAVIOS 10:30A	P9120873-6		FRANCIS L ORTIZ 2/27/2012 10:45A
THOMAS XAVIOS 10:30A	P9120879-5		FRANCIS L ORTIZ 2/27/2012 10:45A
THOMAS XAVIOS 10:30A	P9120875-1		FRANCIS L ORTIZ 2/27/2012 10:45A
THOMAS XAVIOS 10:30A	P9120740-6		ANTHONY ST. HILAIRE 2/27/2012
THOMAS XAVIOS 10:45A	P8339541-0	141 SCHUYLKILL AVE	DASHAUNAH MCKNIGHT 2/27/2012
THOMAS XAVIOS 10:30A	P9120743-2		ANTHONY ST. HILAIRE 2/27/2012

THOMAS XAVIOS P9120888-0
MICHAEL LEONARZIAK P9527008-1
 1:00P
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MICHAEL LEONARZIAK P9527138-5
MICHAEL LEONARZIAK P9527139-6
MICHAEL LEONARZIAK P9527140-0
MICHAEL LEONARZIAK P9527141-1
MICHAEL LEONARZIAK P9527142-2
MICHAEL LEONARZIAK P9527143-3

BEVERLY GASTON 2/27/2012 2:45P
PONCES HOME INVESTORS LLC 2/27/2012

RANCISCO ABREU LEON 2/27/2012

DALE WEYANDT 2/27/2012 9:30A
PEDRO ACOSTA 2/27/2012 9:30A
DALE WEYANDT 2/27/2012 9:30A
940 PENN STREET LP 2/27/2012

RYAN FOREMAN 2/27/2012 9:30A
EDITH KENOL 2/28/2012 1:00P
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DESCRIPTION

PROTECTIVE TREATMENT
 SCREENS
 FACE BOARD ON SINK
 ELECTRICAL SYSTEM
 HEATER MUST BE MAINTAINED IN SAFE WORKING CON
 HANDRAILS/GUARDS
 HEATING FACILITIES
 HEATING FACILITIES
 HEATING FACILITIES
 PROTECTIVE TREATMENT
 HOUSING PERMIT
 HOUSING PERMIT
 HOT WATER HEATER
 INDOOR FURNITURE
 REMOVAL MATERIAL
 CONTAINERS
 RUBBISH AND TRASH
 ELECTRICAL EQUIPMENT
 TESTIFY
 INTERIOR SURFACES
 INTERIOR SURFACES
 INSTALL DEAD BOLT
 REPAIR CHINEY
 ELECTRICAL SYSTEM HAZARDS
 PLUMBING SYSTEM FIXTURE
 GENERAL PLUMBING
 INTERIOR SURFACES
 RENTAL PERMIT
 RENTAL PERMIT

INSPECTOR

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APPEAL	MELENDEZ
APPEAL	KOEHN
APPEAL	A CIVITARESE
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APPEAL	
SIDEWALK MUST BE REPAIRED FOR SAFE PASSAGE	F CIVITARESE
INSTALL HANDRAILS	F CIVITARESE
MAINTAIN EXTENSIO	F CIVITARESE
EXTERIOR STRUCTURE	F CIVITARESE
PAINT EXTERIOR	F CIVITARESE
EXTERIOR STRUCTURE	F CIVITARESE
ELECTRICAL SYSTEM HAZARDS	F CIVITARESE
TRASH CONTAINER	F CIVITARESE

Municipality	Yard Waste Collection w/o Grass	Yard Waste Collection w/ grass	Drop Off Site	Disposal
Pottsville		Yes	Yes w/ Grass w/ Surv Camera	Yard waste used for mine reclamation
Shillington	Yes	No	Yes April-Nov no grass unmanned	
Cumru	Yes 2 times per year	Yes w/ purchase of tag for bag	Yes 1 time per month no grass	Taken to Zwicki.
State College	Yes	Yes in 2013	Yes 5 parks w/ grass	Composte w/ leaves
Laureldale		Yes - contract w/ hauler		Composte for free residential mulch
Womelsdorf		Yes - contract w/ hauler		
Pottstown	Yes	No	April-Oct	
Lockhaven	Yes April only			
Bloomsburg	Yes once in Spring and Fall		Yes staffed & open 2 days	Composte
Bethlehem	No	No	Yes 7 days no grass	composte for free residential mulch
Spring	No	No	Yes	Contract w/ Muhlenberg Twp
Easton	No	No	Yes no grass	
Lebanon	Yes spring and fall		Yes w/ Grass \$25 annual charge	
York	Yes march-Dec		No	
Warren	No	No	Yes w/ grass	
Tilden	No	No	No	
Bethel Park		Not limited		
Alsace Twp	No	No	No	
West Chester	No	No	Yes w/ grass	composte
Chester	No	No	Yes w/ grass	composte